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Report on the
Audit of the Financial Statements as of
March 31, 2018
of
**Renewable Energy and Energy Efficiency Partnership
(REEEP) - Partnerschaft für erneuerbare Energie
und Energieeffizienz (REEEP)**
Vienna

We draw attention to the fact that the English translation of this long-form audit report according to Section 273 of the Austrian Company Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

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To the
Governing Board of the Organization
Renewable Energy and Energy Efficiency Partnership
(REEEP) - Partnerschaft für erneuerbare Energie
und Energieeffizienz (REEEP)
Vienna

We have completed the audit of the financial statements as of March 31, 2018 of

**Renewable Energy and Energy Efficiency Partnership
(REEEP) - Partnerschaft für erneuerbare Energie und Energieeffizienz (REEEP),
Vienna,**

(referred to as "the Organization")

and **report** on the result of our audit as follows:

1. Audit contract and performance of the engagement

At the 28th Governing Board Meeting dated November 28, 2017 of Renewable Energy and Energy Efficiency Partnership (REEEP) - Partnerschaft für erneuerbare Energie und Energieeffizienz (REEEP), Vienna, we were elected as auditor of the financial statements and of the accounts for the fiscal year from April 1, 2017 to March 31, 2018.

The Organization, represented by the governing board, concluded an **audit contract** with us to audit the financial statements as of March 31, 2018, including the accounting system pursuant to the Austrian Commercial Code (UGB) and according to section 22 of the Austrian Association 's Act (VerG). As auditors of the accounts according to section 21 (2) of the Austrian Association' s Act (VerG) our responsibility is to evaluate based on our audit as to whether the accuracy of financial reporting is given and the funds of the organization were used in accordance with the statutes, in all material respects.

The Organization's legal status is that of a "Quasi-International Organization" according to NGO-Gesetz, therefore the legal requirements of VerG are not applicable.

As a "Quasi-International Organization", the Board of Directors also applies the provisions of the Austrian Association 's Act for accounting and auditing of large associations. Accordingly, the accounting requirements according to section 22 (2) VerG in connection with UGB would apply.

The **audit** is a voluntary audit.

The **objective** of the audit was to examine compliance with legal requirements and the Organization's statutes with respect to the preparation of the financial statements and accounting. The audit of accounts extends to whether in all material respects, the accuracy of financial reporting is given and the funds of the association were used in accordance with the statutes. The judgement in terms of austerity and efficiency applied by General Management is not subject to our audit. Deficiencies in financial management or facts that might endanger the audited Organization's position as a going concern shall be identified in course of our audit in due consideration of unusual income or expenses, particularly with respect to self-dealing transactions.

In performing the audit, we adhered to the **legal provisions and the relevant professional standards on performing an audit applicable in Austria as well as the legal requirements regarding the audit of accounts**. These principles require the application of International Standards on Auditing and Austrian Standards on examination of accounts. We draw attention to the fact that the audit provides reasonable assurance as to whether the financial statements are free from material misstatement. Absolute assurance cannot be achieved, since the possibility of errors is inherent in each accounting and internal control system and since the audit is based on samples, there is an unavoidable risk that material misstatements in the financial statements are not detected. Areas that are generally covered in special engagements were not included in our scope of work.

Similarly absolute safety in case of audit of accounts cannot be reached by the same reasons mentioned above, for which reason there is the unavoidable risk that material misstatements in financial reporting are not detected or funds were not used in accordance with the articles of association.

We performed the audit, with interruptions, from April to May 2018 mainly at the Organization premises in Vienna. The audit was substantially completed at the date of this report.

Auditor Responsible for the proper performance of the engagement is MMag Christoph Zimmel, Austrian Certified Public Accountant.

Our audit is based on the audit contract concluded with the Organization. The "General **Conditions of Contract** for the Public Accounting Professions" issued by the Austrian Chamber of Public Accountants and Tax Advisors (refer to Appendix 4) form an integral part of the audit contract. These conditions of contract do not only apply to the Organization and the auditor, but also to third parties. With regard to our responsibility and liability as auditors towards the Organization and towards third parties section 275 UGB applies.

2. Analysis of, and explanatory notes to, significant items in the financial statements

The notes to the financial statements were prepared in accordance with sections 236ff. UGB. Therefore, to avoid repetitions, we refer to the related disclosures in the notes to the financial statements.

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3. Summary of the results of the audit

3.1. Conclusion on the compliance of the accounting and the financial statements

In performing our audit procedures, we determined the compliance with legal requirements, additional provisions as stipulated in the articles of association and generally accepted accounting principles.

As part of our risk and control oriented audit approach, we included in the audit - where we considered it necessary for our audit report - the internal controls in parts of the accounting process.

With regard to the legal compliance of the **financial statements**, we refer to our comments in the auditor's report.

3.2. Information provided

All information required was provided by the legal representatives of the Organization. A letter of representation signed by the legal representatives has been included in our working papers.

3.3. Statement on matters pursuant to section 273(2) and (3) UGB (execution of reporting obligation)

In performing our duties as auditor, we have neither determined any facts that might endanger the Organization's position as a going concern or adversely affect its future development, nor any facts that would constitute a serious breach of the law or of the Organization's articles of association by the legal representatives or employees. Material weaknesses in the internal control of the accounting process have not come to our attention. The criteria for assuming a reorganization requirement (section 22(1)(1) URG (Austrian Reorganization Act)) are not met.

4. Auditor's Report on the Financial Statements

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of

**Renewable Energy and Energy Efficiency Partnership
(REEEP) - Partnerschaft für erneuerbare Energie und Energieeffizienz (REEEP),
Vienna,**

which have been compiled on a voluntary basis and comprise the balance sheet as of March 31, 2018, the income statement for the fiscal year ended March 31, 2018, and the notes according to the Austrian Generally Accepted Accounting Principles and with reference to section 22 of the Austrian Association's Act.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Organization as at March 31, 2018 following the provisions of the Austrian Association's Act in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Organization in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The execution of this engagement and our responsibility, also in relation to third parties, shall be governed, as agreed by signing the engagement letter, by the general conditions of contract for the public accounting professions as issued by the Austrian Chamber of Public Accountants and Tax Advisors respectively. Our liability is therefore excluded for slight negligence. With reference section 275 Austrian Commercial Code and section 24 (4) VerG our liability for negligence is agreed to be limited to EUR 2 million. Any liability to third parties to whom the report is passed without our knowledge or consent is excluded.

Responsibilities of the Governing Board for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles and the provisions of the Austrian Association's Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that give a true and fair view.

Vienna, May 23, 2018

Grant Thornton Unitreu GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft


Christoph ZIMMEL
Certified Public Accountant




Bettina UNTERBERGER
Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.

Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies to alternated versions.

5. Auditor's Report on the Audit of Accounts

We have audited accounts of

**Renewable Energy and Energy Efficiency Partnership
(REEEP) - Partnerschaft für erneuerbare Energie und Energieeffizienz (REEEP),
Vienna,**

for the fiscal year from April 1, 2017, to March 31, 2018, following the provisions of the Austrian Association's Act.

Responsibility of the governing board for the financial management

The proper financial management of the Organization with regard to the true and fair view of its financial reporting and the compliance of use of the funds according to statutes are the responsibility of the governing board of the Organization, which has to ensure that the Organization's accounting complies with its requirements and that the Organization's financial position is clearly recognisable in time.

Auditor's Responsibility

Our responsibility is to evaluate based on our audit as to whether the accuracy of financial reporting is given and the funds of the Organization were used in accordance with the statutes, in all material respects. Deficiencies in financial management or facts that might endanger the audited Organization's position as a going concern shall be identified in course of our audit in due consideration of unusual income or expenses, particularly with respect to self-dealing transactions.

We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on examination of accounts. These standards require that we comply with professional guidelines including provisions for the independence and that we plan and perform the audit to obtain reasonable assurance.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements or non-compliance of the usage of funds with the Organization's statutes, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. The appropriate use of funds according to the statutes is given if the resources are allocated in compliance with the Organization's targets, particularly to finance the approved measures for achievement of objectives.

The assessment in terms of austerity and efficiency applied by General Management is not subject to our audit. The audit or review of the financial statements as well as the detection and clarification of embezzlement, misappropriation and other breaches of law is not subject to our audit of accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Based on the results of our audit of accounts, the Organization's accounting for the fiscal year from April 1, 2017 to March 31, 2018 is consistent in all material respects and give a true and fair view of the financial position of the Organization. The use of the funds complies with the requirements of the statutes. Unusual income or expenses in due consideration of self-dealing transactions have not come to our attention.

Vienna, May 23, 2018

Grant Thornton Unitreu GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft


Christoph ZIMMEL
Certified Public Accountant




Bettina UNTERBERGER
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Appendices

Partnerschaft für erneuerbare Energie und Energieeffizienz (REEEP) -
Renewable Energy and Energy Efficiency Partnership (REEEP), Vienna**Balance Sheet as of 31 March 2018**

	Equity and Liabilities	
	31 March 2018	31 March 2017
	EUR	EUR
Assets		
A. Fixed assets		
I. Intangible assets		
Industrial property and similar rights and assets, as well as licences derived from them	3.792,79	19.918,43
II. Tangible assets		
Office equipment	5.073,16	4.777,26
	8.865,95	24.695,69
B. Current assets		
I. Inventory		
1. Work in progress	59.905,57	196.485,05
	59.905,57	196.485,05
II. Accounts receivable and other assets		
1. Accounts receivable	0,00	32.173,67
2. Other assets	0,00	562,57
	0,00	32.736,24
III. Cash on hand, bank balances	4.260.154,28	4.083.924,93
	4.320.059,85	4.313.146,22
C. Prepaid expenses and deferred charges	16.852,42	22.445,09
	4.345.778,22	4.360.287,00
Equity and Liabilities		
A. Equity		
Earnings reserves		
Other reserves (free reserves), thereof cash reserve EUR 900,000 (prior year: EUR 900,000)	1.336.960,22	1.298.822,08
B. Provisions		
1. Other provisions	113.407,02	577.883,19
	113.407,02	577.883,19
C. Liabilities on account of earmarked funds		
<i>thereof having a remaining maturity of up to a year 1,230,340.43 EUR (prior year EUR 601,172.79)</i>		
<i>thereof having a remaining maturity of more than a year EUR 1,473,833.81 (prior year EUR 1,771,782.99)</i>		
	2.704.174,24	2.372.955,78
D. Liabilities		
<i>thereof having a remaining maturity of up to a year EUR (prior year EUR 110,625.95)</i>		
1. Accounts payable	131.958,98	53.222,18
2. Other liabilities, thereof tax liabilities EUR 2,889.05 (prior year: EUR 2,850.13) thereof social security payables EUR 27,430.88 (prior year: EUR 25,591.04)	59.277,76	57.403,77
	191.236,74	110.625,95
	4.345.778,22	4.360.287,00

**Partnerschaft für erneuerbare Energie und Energieeffizienz (REEEP) -
Renewable Energy and Energy Efficiency Partnership (REEEP), Vienna**

Income Statement 2017/18

	2017/18	2016/17
	EUR	TEUR
1. Non-earmarked contributions	98.000,00	149,50
2. Earmarked contributions	3.055.471,35	1.733,18
3. Change in liabilities on account of earmarked funds	-331.218,46	627,81
4. Change in work in progress	-136.579,48	196,49
5. Other income	30.381,36	39,21
	2.716.054,77	2.746,19
6. Cost of purchased services		
a) Expenses for projects	-1.306.302,61	-1.446,39
b) Expenses for regional secretariats	-8,58	-1,60
	-1.306.311,19	-1.447,99
7. Personnel expenses		
a) Salaries	-883.675,57	-825,72
b) Social expenses		
aa) Contributions to staff provision funds	-14.102,69	-12,32
bb) Expenses for statutory social security, payroll-related taxes and mandatory contributions	-220.163,12	-201,47
cc) Other social benefits	-6.216,54	-6,30
	-240.482,35	-220,09
	-1.124.157,92	-1.045,81
8. Depreciation and amortization of fixed intangible and tangible assets	-21.847,92	-36,14
9. Other operation expenses Other	-211.515,20	-244,03
10. Subtotal 1-9	52.222,54	-27,77
11. Other interest and similar income	7.886,59	6,45
12. Interest and similar expenses	-21.616,88	-1,48
13. Subtotal 11-12	-13.730,29	4,97
14. Result before taxes	38.492,25	-22,80
15. Taxes on income	-354,11	-1,15
16. Annual surplus / loss	38.138,14	-23,95
17. Allocations to revenue reserve	-38.138,14	0,00
18. Release of revenue reserve	0,00	23,95
19. Retained earnings	0,00	0,00

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 MARCH 2018

1. GENERAL PRINCIPLES

The Renewable Energy and Energy Efficiency Partnership (hereinafter referred to as “REEEP”) is an association (“Verein”) according to Section 13 of the Austrian Associations Act (“Vereinsgesetz”, VerG 2002), BGBl I Nr 66/2002. REEEP was initially registered in the associations’ registry (“Vereinsregister”) with reference number XV-6237/VVM/2004 on 31 October 2003 and has since been kept under the central association registration number (“ZVR Zahl”) 928296155.

By official decision of 13 January 2004, the Federal Ministry of Foreign Affairs has ruled the association to be granted the status of an organization according to the Federal Law on the Provision of Privileges for Non-Governmental International Organizations (“NGO-Law”), BGBl Nr 174/1992. Therefore, the Austrian Associations Act does not apply to REEEP according to Section 4 of the NGO-Law.

Furthermore, REEEP was granted non-profit status according to Section 6 (1) of the NGO-Law as of 6 December 2013 until end of 2018, by official decision of the Federal Ministry of Finances. A request for extension of this non-profit status will be filed in 2018.

By ordinance, REEEP was classified as a “Quasi-International Organization” as defined by Section 7 (2) of the NGO-Law for 2016 (#168 QuIOV 2016), 2017 (#404 QuIOV 2017) and 2018 (#19 QuIOV 2018) and is excluded from the Act Governing the Employment of Foreign Nationals (“Ausländerbeschäftigungsgesetz”) according to Section 1 (12) of the Ordinance Governing the Employment of Foreign Nationals (“Ausländerbeschäftigungsverordnung”).

The financial statements as of 31 March 2018 of REEEP have been prepared in accordance with the provisions of the Austrian Commercial Code (UGB) in its respectively applicable version considering the Austrian Law on Changes in Accounting (“Rechnungslegungsänderungsgesetz”) 2014 (RÄG 2014) and following Section 22 of the Austrian Associations Act (“Vereinsgesetz”). The financial statements have been created in compliance with the principles of proper accounting and the general standard of providing the most accurate representation of the asset, financial and income situation.

Accounting and valuation methods are based on generally accepted accounting principles. The composition and valuation rules as per Sections 195 to 211, 222 to 226 (1) and 226 (3) to 234 of the Austrian Commercial Code (UGB) were adhered to in principle.

In particular, the valuation was based on the assumption that the association will continue its activities, as well as on the principle of individual valuation of assets and debts.

The principle of caution has been duly observed through consideration of all risks and potential losses. Only profits and gains realized at balance sheet date were recognized.

The profit and loss account has been prepared using the total expenditure format.

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2. REPORTING AND VALUATION METHODS

2.1. Fixed assets

Intangible assets are shown in the financial statements at their initial costs, plus ancillary costs of acquisition, minus scheduled amortization/depreciation. The scheduled straight-line amortization/depreciation was charged according to the estimated useful life of the assets.

	useful life
EDP software	5 years

Additions during the first half of the fiscal year were written off at the full yearly rate, whereas additions during the second half of the fiscal year were only written off at half of the yearly rate.

Tangible assets are shown in the financial statements at their initial costs or cost of production, including ancillary costs of acquisition, minus depreciations. Scheduled depreciation is charged on a straight-line depreciation over the estimated useful life of the assets.

	useful life
EDP hardware	3 - 5 years

Additions during the first half of the fiscal year were written off at the full yearly rate; additions during the second half of the fiscal year were depreciated at half of the yearly rate.

Low-value assets with maximum acquisition costs of EUR 400 (Section 226 (3) of UGB) were written off in the year of acquisition or production.

2.2. Current assets

Accounts receivable and other assets were entered at their nominal values.

Accounts receivable exclusively comprise binding pledges of contributions.

Bank balances denominated in foreign currencies are shown using the initial exchange rate or the lower foreign-currency buying rate at the reporting date. In some cases as explained in 3.2.3. this devaluation does not happen.

2.3. Provisions

Observing the principle of prudence, **provisions** were set up in the estimated required amounts. In keeping with statutory requirements, all identifiable risks and uncertain liabilities were adequately taken into account when calculating provisions.

2.4. Liabilities on account of earmarked funds

Liabilities on account of earmarked funds refer to contributions made for specific purposes which will only be used for these purposes in future fiscal years. They are shown at the contributed amount.

2.5. Liabilities

Liabilities are stated at the repayable amount.

3. STRUCTURE OF AND COMMENTS ON BALANCE-SHEET ITEMS

3.1. Fixed assets

Please refer to the annexed table for the development of items carried as fixed assets.

The item "office equipment" refers to hardware. There are no other items under this heading, as the rental agreement includes the right to use the available tools and equipment.

3.2. Current assets

3.2.1. Inventory

The inventory consists exclusively of work-in-progress that is valued at production costs.

3.2.2. Accounts receivable and other assets

In the previous year the accounts receivable and other assets were made up of accounts receivables to the amount of EUR 32,173.67 and other assets consisting of accrued interest received to the amount of EUR 562.57.

3.2.3. Cash on hand, bank balances

This item includes an amount of EUR 28,957.83 as trust property from credits for accrued interest which are managed on behalf of the Norwegian government (see page 9). The amount at the beginning of the project selection procedure is included in the amount available for the selection of projects, pursuant to trustors' instructions. The amount shown in the balance sheet as at 31 March 2018 relates to new funds that have been accrued since the start of the previous project selection process.

Project funds in foreign currencies and the corresponding liabilities on account of earmarked funds that are solely used for expenditure in the respective currency will not lead to translation effects. As of balance sheet date they are measured at cost and not revalued. The potential translation loss would amount to EUR 61,717.39 as of 31 March 2018 (previous year: potential gain of EUR 19,040.75).

3.2.4. Earnings reserves

	2017/18 EUR	2016/17 EUR
	<u> </u>	<u> </u>
Status at the beginning of the fiscal year	1,298,822.08	1,322,768.31
Release due to loss of the year	38,138.14	-23,946.23
Status at the end of the fiscal year	<u>1,336,960.22</u>	<u>1,298,822.08</u>

The assumption is that all earned surpluses will be used for work on future projects. As a result, the full amount of the profit carried forward since the creation of the association was allocated to the revenue reserve. Compensation shall also be effected by the revenue reserve in case of annual losses.

3.3. Provisions

3.3.1. Other provisions

The amount of EUR 113,407.02, as shown in the balance-sheet, comprises the following items:

Other provisions:	31 March 2018 EUR	31 March 2017 EUR
	<u> </u>	<u> </u>
Performed services, not yet invoiced	0.00	415,433.16
Holiday leaves and overtime, not yet consumed	79,908.02	91,256.23
Consultancy fees, other services, not yet invoiced	8,863.00	4,198.80
Legal, auditing and consultancy costs	12,636.00	54,995.00
Annual Report	12,000.00	12,000.00
Sum total	<u>113,407.02</u>	<u>577,883.19</u>

The decrease in outstanding project invoices in comparison to the previous year is due to the fact that the projects of the 10th Call have been completed.

3.4. Liabilities on account of earmarked funds

Liabilities on account of earmarked funds	31 March 2018	31 March 2017
	EUR	EUR
Break-down according to members:		
AUSTRIA	829,438.74	1,301,486.56
UNIDO – SA Waterworks	428,860.33	83,863.15
UNIDO – PFAN	355,434.60	62,425.71
UK/Department of Energy and Climate Change	273,992.59	473,758.13
Foundations	248,794.25	343,190.79
NORWAY	191,059.28	191,059.28
Other International Organisations	183,053.66	0.00
IRELAND	58,286.21	77,286.21
OFID	52,242.89	68,780.67
GERMANY	46,328.00	125,778.23
NEW ZEALAND	27,680.06	27,680.06
UK/CDKN	9,003.63	21,721.50
ITALY	0.00	11,358.65
Re-transfer for services performed, not yet invoiced	0.00	-415,433.16
Sum total	2,704,174.24	2,372,955.78

3.5. Liabilities

3.5.1. Other liabilities

Other liabilities:	31 March 2018	31 March 2017
	EUR	EUR
Liabilities for social security	27,430.88	25,591.04
Tax liabilities	2,889.05	2,850.13
Interest liabilities – Norwegian Foreign Office	28,957.83	28,962.60
Sum total	59,277.76	57,403.77

The interest liabilities in connection with the Norwegian Foreign Office refer to income from accrued interest for Norwegian project credits (see page 5), which will be taken into account during the next round of projects if the donor agrees.

3.5.2. Commitments from the use of tangible assets not shown in the balance-sheet

Commitments in the amount of EUR 67,420.08 (prior year: EUR 54,578.16) for the coming fiscal year result from the existing rental agreement. The termination period is 3 months. The commitments amount to EUR 337,100.40 (prior year: EUR 272,890.80), extrapolated for the next 5 years.

4. STRUCTURE OF INCOME STATEMENT ITEMS

4.1. Non-earmarked contributions

Non-earmarked contributions are entered as revenues in their full amount upon receipt and serve to cover general expenses in connection with maintaining the network during the fiscal year.

4.2. Earmarked contributions

Earmarked contributions:	2017/18 EUR	2016/17 EUR
Project-related contributions ¹	20,000.00	417,089.53
Contributions to “Market Acceleration” projects	1,685,546.28	934,419.31
Contributions to Open Knowledge projects	85,315.54	301,717.92
Contributions to PFAN projects	1,264,609.53	79,954.85
Sum total	3,055,471.35	1,733,181.61

Project-related contributions are entered as revenues, as soon as there are project-related expenses that can be attributed directly. To the extent that no project-related expenses were incurred, the corresponding project-related contributions are shown under “liabilities on account of earmarked funds”.

4.3. Other income

The item “other income” consists of cost refunds and earnings from the release of accruals.

¹ Including refunds

4.4. Other operating expenses

Other operating expenses	2017/18	2016/17
	EUR	EUR
	<hr/>	<hr/>
Community support , website and EDP expenses	27,814.26	27,006.02
Travel expenses	21,500.83	24,372.70
Rent	57,928.32	53,932.54
Public relations, printing costs, cost of entertainment	13,975.30	17,523.55
Project administration	2,139.97	9,662.79
Project Management Information System, running costs ²	0.00	1,219.20
Cost of financial statements, payroll accounting	28,821.04	25,562.20
Meetings of association bodies	9,983.12	15,028.55
Telecommunications	2,960.80	5,659.17
Cost of money transactions	1,391.61	1,481.87
Training and education	4,810.03	0.00
Legal and consultancy expenses	27,363.60	50,004.63
Office material	1,993.16	3,795.28
Cost of mailings	302.60	520.12
Insurance	9,894.06	7,137.19
Technical literature	636.50	1,120.24
Sum total	<hr/> 211,515.20 <hr/>	<hr/> 244,026.05 <hr/>

The expenses for the auditor according to Section 238 Z 18 UGB amount to EUR 15,000.00 (prior year: EUR 11,680.00) and include EUR 12,000.00 the audit of the financial statements and the assurance services according to Section 21 of the Austrian Associations Act.

² The REEEP Project Management Information System (PMIS) was shut down in the financial year 2016/17.

4.5. Interest income

Interest income is generated by investing available project funds into time deposits. This satisfies the requirement of a low-risk type of investment, yielding the best-possible return at the same time.

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5. ASSOCIATION BODIES AND STAFF

5.1. Association bodies

The Board represents the association vis-à-vis third parties. Written documents containing commitments of the association require the signature of the Chairperson and of the Rapporteur in order to become effective. The respective deputies shall replace them if they are prevented from their signing obligations.

Members of the Board:

Representing members:

- Maher Chebbo, Paris, Chairman since 26 April 2018
- Alfred Ofosu-Ahenkorah, Accra, Deputy Chairman
- Elfriede A. More, Vienna, Rapporteur
- Ari Huhtala, Helsinki, Treasurer since 13 June 2017

Other members:

- Ajay Mathur, Delhi
- Ji-Qiang Zhang, Beijing, since 29 November 2017
- Martijn Wilder, Sydney
- Mark Fogarty, Sydney
- Piotr Tulej, Brussels
- Tareq Emtairah, Vienna, since 29 November 2017

Members who resigned since 1 April 2017:

- Henry Derwent, Geneva, Chairman, Treasurer until 13 June 2017, Chairman and member until 23 April 2018
- Jörn Rauhut, Berlin, Deputy Treasurer and member until 13 June 2017
- Philip Ischer, Berne, until 29 November 2017
- Amal Lee Amin, London, until 31 October 2017
- Philippe Scholtés, Vienna, until 29 November 2017

The Board members did not receive any remuneration. No loans were granted to Board members. However, REEEP signed a consulting contract to the amount of EUR 18,000.00 with Mark Fogarty in the previous year that was still ongoing during the financial year, as, in addition to his regular Board duties, he also supported the International Secretariat with Programme development (e.g. with revolving funds).

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5.2. International Secretariat

Mr. Martin Hiller, Vienna, acted as the Director General during the fiscal year. Mr. Florian Bauer was COO & Deputy Director General, Mr. Andreas Zahner was Programme Director.

5.3. Staff

During the fiscal year, the average number of employees comprised 18 persons (prior year: 18).

The item “personnel expenses” includes payments to staff provision funds amounting to EUR 14,102.69 (prior year: EUR 12,323.22).

Employees did not receive any advances or loans.

Vienna, May 23, 2018

Board:

Maher Chebbo eh

Alfred Ofosu-Ahenkorah eh

Elfriede A. More eh

Ari Huhtala eh

Development of Fixed Assets

	Cost of acquisition and/or cost of production			Accumulated depreciation/amortization			Book value	
	Balance 1.4.2017 EUR	Additions EUR	Disposals EUR	Balance 1.4.2017 EUR	Additions EUR	Disposals EUR	Balance 31.3.2018 EUR	Balance 31.3.2017 EUR
I. Intangible assets								
Industrial property and similar rights and assets, as well as licences derived from them	381.422,73	0,00	222.795,83	361.504,30	16.125,64	222.795,83	154.834,11	19.918,43
II. Tangible assets								
Office equipment *)	29.433,07	6.018,18	4.357,69	24.655,81	5.722,28	4.357,69	26.020,40	4.777,26
SUM TOTAL	410.855,80	6.018,18	227.153,52	386.160,11	21.847,92	227.153,52	180.854,51	24.695,69

*) thereof low-value assets in accordance with Section 13 EStG 2.182,40 2.182,40



General Conditions of Contract for the Public Accounting Professions (AAB 2011)

Laid down by the Working Group for Fees and Conditions of Contract of the Chamber of Public Accountants and Tax Advisors, recommended for use by the Board of the Chamber of Public Accountants and Tax Advisors in its decision of March 8, 2000, and revised by the Working Group for Fees and Conditions of Contract on May 23, 2002, on October 21, 2004, on December 18, 2006, on August 31, 2007, on February 26, 2008, on June 30, 2009, on March 22, 2010, as well as on February 21, 2011

Preamble and General Points

(1) The General Conditions of Contract for the professions in the field of public accounting are divided into four sections: Section I deals with contracts for services, excluding contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions; Section II deals with contracts for rendering services in the field of bookkeeping, payroll accounting and administration and assessment of taxes and contributions; Section III covers contracts not regarded as contracts for the rendering of services, while Section IV is devoted to consumer business covered by the Austrian Consumer Act.

(2) In the event that individual provisions of these General Conditions of Contract are void, this shall not affect the validity of the remaining provisions. The invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

(3) The person entitled to exercise profession in the field of public accounting shall be obliged to render the services negotiated in accordance with the principles of due professional care and conduct. He/she shall have the right to engage suitable staff for the execution of the contract. This shall apply to all sections of The General Conditions of Contract.

(4) Finally, foreign law shall only be taken into account by the person entitled to exercise the profession, if this has been explicitly agreed upon in writing. This shall apply to all sections of the General Conditions of Contract.

(5) The work prepared in the offices of the person entitled to exercise the profession may, at the discretion of the person entitled to exercise the profession, be carried out with or without using electronic data processing. In case electronic data processing is used, the client – not the person entitled to exercise the profession – is obliged to effect the registrations or notifications required under the relevant provisions of the Data Protection Act.

(6) The client undertakes not to employ staff of the person entitled to exercise the profession during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the person entitled to exercise the profession the amount of the annual salary of the employee taken over.

SECTION I

1. Scope

(1) The General Conditions of Contract in Section I shall apply to contracts concerning (statutory and voluntary) audits with or without auditor's certificate, expert opinions, court expert opinions, preparation of annual financial statements and other financial statements, tax consultancy and other services to be rendered within the framework of a contract for the rendering of services, excluding bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.

(2) The General Conditions of Contract shall apply, if their use has been explicitly or tacitly agreed upon. Furthermore, in the absence of another agreement, they shall be used for reference to facilitate interpretation.

(3) Point 8 shall also apply to third parties whose services, in certain cases, may be enlisted by the contractor for the execution of the contract.

2. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the person entitled to exercise the profession shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(3) An application submitted by the person entitled to exercise the profession to an authority (e.g. tax office, social security institution) by electronic means, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to submit such an application.

3. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed in good time and without special request at the disposal of the person entitled to exercise the profession and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the person entitled to exercise the profession has commenced his/her work.

(2) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete. This statement may be made on the forms specifically designed for this purpose.

(3) If the client fails to disclose considerable risks in connection with the preparation of annual financial statements and other statements, the contractor shall not be obliged to render any compensation in this respect.

4. Maintenance of Independence

(1) The client shall be obliged to take all measures to make sure that the independence of the employees of the person entitled to exercise the profession be maintained and shall refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client consents that their personal details, meaning their name and the type and scope of the services, including the performance period, agreed between the professional practitioner and the client (both audit and non-audit services), shall be handled within the information network (network), to which the professional practitioner belongs, and for this purpose transferred to the other members of the information network (network) including abroad (a list of all recipients of communications shall be sent to the client at their request by the commissioned professional practitioner) for the purpose of examination of the existence of grounds of bias or grounds for exclusion within the meaning of Sections 271 et seq. of the Company Code (UGB). For this purpose the client expressly releases the professional practitioner in accordance with the Data Protection Act and in accordance with Section 91 Subsection 4 Clause 2 of the Auditing, Tax Advising and Related Professions Act (WTBG) from their obligation to maintain secrecy. Moreover, the client acknowledges in this regard that in states which are not EU members a lower level of data protection than in the EU may prevail. The client can revoke this consent at any time in writing to the professional practitioner.

5. Reporting Requirements

(1) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) All information and opinions of the person entitled to exercise the profession and his employees shall only be binding provided they are set

down or confirmed in writing. Written opinions shall only be those on which there is a company signature. Written opinions shall in no circumstances be information sent electronically, specifically not via e-mail.

(3) Transmission errors cannot be excluded when information and data is transmitted electronically. The person entitled to exercise the profession and his employees shall not be liable for losses which arise as a result of electronic transmission. Electronic transmission shall be exclusively at the client's risk. The client is aware that confidentiality is not guaranteed when the Internet is used. Furthermore, amendments or supplements to documents transmitted shall only be permissible subject to explicit approval.

(4) Receipt and forwarding of information to the person entitled to exercise the profession and his employees are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other electronic means of communication. As a result, instructions and important information shall only be deemed to have been received by the person entitled to exercise the profession provided they are also received in writing, unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not as such constitute explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the person entitled to exercise the profession by post or courier. Delivery of documents to employees outside the firm's offices shall not count as delivery.

(5) The client agrees to being sent recurrent general tax law and general commercial law information by the person entitled to exercise the profession via electronic means. This shall not apply to unsolicited information in accordance with § 107 of the Austrian Telecommunications Act (TKG).

6. Protection of Intellectual Property of the Person Entitled to Exercise the Profession

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the person entitled to exercise the profession, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 Para. 3 Austrian Income Tax Act 1988). Furthermore, professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession may be passed on to a third party for use only with the written consent of the person entitled to exercise the profession.

(2) The use of professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession for promotional purposes shall not be permitted; a violation of this provision shall give the person entitled to exercise the profession the right to terminate without notice to the client all contracts not yet executed.

(3) The person entitled to exercise the profession shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the person entitled to exercise the profession.

7. Correction of Errors

(1) The person entitled to exercise the profession shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement passed on by the client orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original statement of the change.

(2) The client has the right to have all errors corrected free of charge, if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the person entitled to exercise the profession and/or – in cases where a written statement has not been delivered – six months after the person entitled to exercise the profession has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Point 8.

8. Liability

(1) The person entitled to exercise the profession shall only be liable for violating intentionally or by gross negligence the contractual duties and obligations entered into.

(2) In cases of gross negligence, the maximum liability for damages due from the appointed person entitled to exercise the profession is tenfold the minimum insurance sum of the professional liability insurance

according to Section 11 of the Act on Professions in the Field of Public Accounting (WTBG) in the currently valid version.

(3) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but not later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(4) Should Section 275 of the Austrian Business Enterprise Code (Commercial Code, UGB) be mandatorily applicable, the liability provisions pursuant to Section 275 shall apply where these represent mandatory law, even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place, irrespective of whether other participants have acted with intent.

(5) In cases where a formal audit certificate is issued, the applicable limitation period shall commence at the latest at the time of issue of said audit certificate.

(6) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, and the client is informed thereof, any warranty claims and claims for damages which arise against the third party according to law and in accordance with the conditions of the third party, shall be deemed as having been passed on to the client. The person entitled to exercise the profession shall only be liable for fault in choosing the third party.

(7) The person entitled to exercise the profession shall not be liable to a third party, if his/her professional statements are passed on by the client orally or in writing without the approval or knowledge of the person entitled to exercise the profession.

(8) The above provisions shall apply not only vis-à-vis the client but also vis-à-vis third parties, if the person entitled to exercise the profession, in exceptional cases, should be liable for his/her work. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have been wronged; the claims of the aggrieved parties shall be satisfied in the order in which the claims have been raised.

9. Secrecy, Data Protection

(1) According to Section 91 WTBG the person entitled to exercise the profession shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) The person entitled to exercise the profession shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(3) The person entitled to exercise the profession is authorized to process personal data entrusted to him/her within the framework of the purpose of the contract or to have them processed by a third party according to Point 8 Item 5. The person entitled to exercise the profession shall guarantee that according to Section 15 of the Data Protection Act secrecy be maintained. According to Section 11 of the Data Protection Act the material made available to the person entitled to exercise the profession (data carrier, data, control numbers, analyses and programs) as well as all results obtained as a result of the work provided shall be returned to the client, unless the client has requested in writing that the material and/or results be transferred to a third party. The person entitled to exercise the profession shall be obliged to take measures to ensure that the client can meet his/her obligation to provide information according to Section 26 of the Data Protection Act. The client's instructions required for this purpose shall be given in writing to the person entitled to exercise the profession. Unless a fee has been negotiated for providing such information, the client shall be charged only the actual efforts undertaken. The client shall meet his/her obligation to provide information to those concerned and/or to register in the data processing register, unless the contrary has been explicitly agreed in writing.

10. Termination

(1) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Point 12.

(2) However, a continuing agreement (even with a flat fee) – always to be presumed in case of doubt – may, without good reason (cf. Section 88 Item 4 WTBG), only be terminated at the end of the calendar month by

observing a period of notice of three months, unless otherwise agreed in writing.

(3) Except for cases listed in Item 5, in case of termination of a continuing agreement only those tasks shall be part of the list of jobs to be completed and finished that can be completed fully or to the largest part within the period of notice, with financial statements and annual income tax returns being deemed to be subject to successful completion within two months calculated from the balance sheet date. In this case the above-mentioned jobs actually have to be completed within a reasonable period of time, if all documents and records required are provided without delay and if no good reason within the meaning of Section 88 Paragraph 4 WTBG is cited.

(4) In case of a termination according to Item 2 the client shall be informed in writing within one month which assignments at the time of termination are considered to be part of the work to be completed.

(5) If the client is not informed within this period about the assignments still to be carried out, the continuing agreement shall be deemed terminated upon completion of the tasks under way at the date when the notice of termination is served.

(6) Should it happen that in case of a continuing agreement as defined under Items 2 and 3 – for whatever reason – more than two similar jobs which are usually completed only once a year (e.g. financial statements or annual tax returns etc.) are to be completed, any such jobs exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 4.

11. Default in Acceptance and Failure to Cooperate on the part of the Client

If the client defaults on acceptance of the services rendered by the person entitled to exercise the profession or fails to carry out a task incumbent on him/her either according to Point 3 or imposed on him/her in another way, the person entitled to exercise the profession shall have the right to terminate the contract without prior notice. His/her fees shall be calculated according to Point 12. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the person entitled to exercise the profession for the extra time and labor hereby expended as well as for the damage caused, if the person entitled to exercise the profession does not invoke his/her right to terminate the contract.

12. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to termination), the person entitled to exercise the profession shall be entitled to the negotiated fee, provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client (Section 1168 of the Civil Code (ABGB)); in this case the person entitled to exercise the profession need not deduct the amount he/she obtained or could have obtained through alternative use of his/her own professional services or those of his/her employees.

(2) If the client fails to cooperate and the assignment cannot be carried out because of lack of cooperation, person entitled to exercise the profession shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed cancelled and the consequences indicated in Item 1) shall apply.

(3) If the person entitled to exercise the profession terminates the contract without good reason and at an inopportune moment, he/she shall compensate the client for the damage caused according to Point 8.

(4) If the client – having been made aware of the legal situation – agrees that the person entitled to exercise the profession duly completes the task, the work shall be completed accordingly.

13. Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved.

(2) Proper understanding between the person entitled to exercise the profession and their principals is most effectively achieved by clearly expressed remuneration agreements.

(3) The smallest service unit which may be charged is a quarter of an hour.

(4) Travel time to the extent required is also charged in most cases.

(5) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the person entitled to exercise the profession in his/her own office may also be charged as a special item

(6) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or special requirements of the principal, additional negotiations for the agreement of a more suitable remuneration are usual. This also usually applies where inadequate fixed sum remunerations are concerned.

(7) Persons entitled to exercise the profession also include charges for supplementary costs and value-added (turnover) tax in addition to the above.

(8) Supplementary costs also include documented or flatrate cash expenses, travelling expenses (first class for train journeys, sleeping car (wagon lits) if necessary, dietary requirements, mileage allowance, photocopy costs and similar supplementary costs.

(9) Should particular third party liabilities be involved, the necessary insurance premiums also count as supplementary costs.

(10) Personnel and material expenses for the preparation of reports, expertises and similar documents are also viewed as supplementary costs.

(11) For the execution of a commission wherein mutual conclusion involves several persons entitled to exercise the profession, each of the latter will charge his/her own remuneration.

(12) Remunerations and advance payments required are due immediately after receipt of their written claim should no other agreements exist. Where payments of remuneration are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate of 8% above the base rate is agreed upon (Cf. Section 352 of the Austrian Business Enterprise Code (Commercial Code, UGB)).

(13) Time limitation is in accordance with Section 1486 of the Austrian Civil Code (ABGB), starting at the time of conclusion of the service involved or a later rendering of accounts after an appropriate time-limit.

(14) An objection may be raised in writing against bills presented by the appointed trustee up to 4 weeks after the date of presentation. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(15) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for laesio enormis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

14. Other Provisions

(1) In addition to the reasonable rate or fee charged, the person entitled to exercise the profession shall have the right to claim reimbursement of expenses. He/she can ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. In this context reference shall be made to the legal right of retention (Section 471 of the Civil Code (ABGB), Section 369 of the Austrian Business Enterprise Code (Commercial Code, UGB)). If the right of retention is wrongfully exercised, the person entitled to exercise the profession shall be liable only in case of gross negligence up to the outstanding amount of his/her fee. As regards standing orders, the provision of further services may be denied until payment of previous services has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(2) After all the data to be archived, which has been prepared by the public accountant and tax advisor, has been delivered to the client or to the succeeding public accountant and tax advisor, the person entitled to exercise the profession shall be entitled to delete the data in question.

(3) With the exception of obvious essential errors, a complaint concerning the work of the person entitled to exercise the profession shall not justify the retention of remuneration owed in accordance with Item 1.

(4) Offsetting the remuneration claims made by the person entitled to exercise the profession in accordance with Item 1 shall only be permitted, if the demands are uncontested and legally valid.

(5) At the request and expense of the client, the person entitled to exercise the profession shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the person entitled to exercise the profession and his/her client, to original documents in his/her possession or to documents which have to be kept in accordance with the directive on money laundering. The person entitled to exercise the profession may make or retain copies or duplicates of the documents to be returned to the client. The client shall be obliged to bear these expenses in so far as these copies or duplicates may be required as a proof of the orderly execution of all professional duties by the person entitled to exercise the profession.

(6) In the event of termination of the contract, the contractor shall be entitled to charge an appropriate fee for further queries after termination of the contract and for granting access to the relevant information about the audited company.

(7) The client shall fetch the documents handed over to the person entitled to exercise the profession within three months after the work has been completed. If the client fails to do so, the person entitled to exercise the profession shall have the right to return them to the client at the cost of the client or to charge safe custody charges, if the person entitled to exercise the profession can prove that he/she has asked the client twice to pick up the documents handed over.

(8) The person entitled to exercise the profession shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid resources at his/her disposal even if these funds are explicitly intended for safe keeping, if the client had to reckon with a counterclaim of the person entitled to exercise the profession.

(9) To safeguard an existing or future fee payable, the person entitled to exercise the profession shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed about the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability by execution has been declared.

15. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law.

(2) The place of performance shall be the place of business of the person entitled to exercise the profession.

(3) In case of disputes, the court of the place of performance shall be the competent court.

16. Supplementary Provisions for Audits

(1) For statutory audits of financial statements which are carried out in order to issue a formal audit certificate (e.g. Section 268 and the following sections of the Company Code), the purpose of the contract, unless otherwise agreed to in writing, shall not be to investigate whether regulations concerning tax laws or specific regulations, e.g. price fixing, restriction of competition and foreign exchange regulations have been adhered to. Neither shall the purpose of the statutory audit of financial statements be to investigate whether the business is run in an economical, efficient and expedient manner. Within the framework of a statutory audit of a financial statement there shall be no obligation to detect the falsification of accounts or other irregularities.

(2) When a qualified or unqualified audit certificate is issued within the scope of a statutory audit of the annual financial statement, the audit certificate issued shall be appropriate for the respective type of business organization.

(3) If financial statements are published together with the audit certificate, they shall only be published in the form confirmed or explicitly permitted by the auditor.

(4) If the auditor revokes his/her audit certificate, the further use thereof shall no longer be permitted. If the financial statements have been published with the audit certificate, the revocation thereof shall also be published.

(5) For other statutory and voluntary audits of financial statements as well as for other audits, the above principles shall apply accordingly.

17. Supplementary Provisions concerning the Preparation of Annual Financial Statements and Other Financial Statements, Consultation and Other Services to be Provided within the Framework of a Contract for the Rendering of Services

(1) The person entitled to exercise the profession, when performing the aforementioned activities, shall be justified in accepting information provided by the client, in particular figures, as correct. However, he/she is obliged to inform the client of any errors identified by him/her. The client shall present the person entitled to exercise the profession with all important documents required for keeping deadlines, in particular tax assessment notices, in good time so as to ensure that the person entitled to exercise the profession has a reasonable amount of time, but not less than one week, to process the information.

(2) In the absence of written agreements to the contrary, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or prepared by the contractor.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a). If the person entitled to exercise the profession receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Particular matters pertaining to income tax, corporate tax and ratable value tax return as well as all matters relating to value-added tax, withholding tax on salaries and wages and other taxes and duties shall only be prepared on the basis of a specific contract. This shall also apply to

- a) processing non-recurring matters pertaining to tax, e.g. inheritance tax, capital transfer tax, land transfer tax,
- b) the defense and consultation in penal procedures relating to the taxes mentioned,
- c) providing consultation and expert opinions in matters pertaining to the foundation, restructuring, merger, capital increase and decrease, and reorganization of a company, entry and retirement of a shareholder or partner, sale of a business, winding up, management consultancy and other activities according to Sections 3 to 5 of the Act on Professions in the Field of Public Accounting (WTBG).
- d) the preparation of applications to the Register of Companies in connection with annual financial statements, including the keeping of records required.

(4) Provided the preparation of the annual value added tax return is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant value added tax concessions have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(5) The aforementioned paragraphs shall not apply to services requiring particular expertise provided by an expert.

SECTION II

18. Scope

The General Conditions of Contract in Section II shall apply to contracts for the rendering of services in the field of bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.

19. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) The person entitled to exercise the profession shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and in using them as a basis for accounting. The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if errors are identified, he/she shall inform the client thereof.

(3) If a flat fee has been negotiated for the activities mentioned in Point 18, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately.

(4) Particular individual services in connection with the services mentioned in Point 18, in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract and shall be treated according to Section I or Section III of the General Conditions of Contract.

(5) Any application submitted to authorities (e.g. tax office, social insurance institution) electronically, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to transmit the application.

20. Client's Duty to Cooperate

The client shall make sure that all information and documents required for bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions be placed at the disposal of the person entitled to exercise the profession on an agreed date without his/her specific request.

21. Termination

(1) Unless otherwise agreed to in writing, either contractual partner may terminate the contract at the end of each month with three months' notice without giving a particular reason.

(2) If the client repeatedly fails to fulfill his/her duties according to Point 20, the person entitled to exercise the profession shall have the right to terminate the contract immediately without prior notice.

(3) If the person entitled to exercise the profession delays in rendering services due to reasons for which he/she is solely responsible, the client shall have the right to terminate the contract immediately without prior notice.

(4) In case of a termination of the contractual relationship only those assignments shall be considered part of the contract which the contractor is already working on or major parts of which can be completed within the period of notice and which are notified to the client within one month.

22. Fee and Entitlement to Fee

(1) Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(2) If the contract is terminated pursuant to Point 21 Item 2 the person entitled to exercise the profession shall have the right to the full fee negotiated for three months. This shall also apply if the client fails to observe the period of notice.

(3) If the contract is terminated pursuant to Point 21 Item 3, the person entitled to exercise the profession shall only have the right to the fee corresponding to the services rendered up to this point, provided they are of value to the client.

(4) If a flat fee has not been negotiated, the fee shall be calculated pursuant to Item 2 according to the monthly average of the current year of contract until termination.

(5) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

(6) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

23. Other Provisions

In all other cases, the provisions of Section I of the General Conditions of Contract shall apply accordingly.

SECTION III

24. Scope

(1) The General Conditions of Contract in Section III shall apply to all contracts not mentioned in the previous sections, which are not to be regarded as contracts for rendering services and are not related to the contracts mentioned in the previous sections.

(2) In particular, Section III of the General Conditions of Contract shall apply to contracts concerning the non-recurring participation in negotiations, to services as an agent in matters pertaining to insolvency, to contracts concerning non-recurring interventions and the handling of the individual matters mentioned in Point 17 Item 3 in the absence of a continuing agreement.

25. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) The person entitled to exercise the profession shall be justified in regarding and obliged to regard information and documents presented to him/her by the client, in particular figures, as correct and complete. In case of penal procedures he/she shall protect the rights of the client.

(3) The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if he/she identifies errors, the client shall be informed accordingly.

26. Client's Duty to Cooperate

The client shall make sure that all the necessary information and documents be placed at the disposal of the person entitled to exercise the profession in good time and without his/her special request.

27. Termination

Unless otherwise agreed to in writing or stipulated by force of law, either contractual party shall have the right to terminate the contract at any time with immediate effect (Section 1020 of the Civil Code (ABGB)).

28. Fee and Entitlement to Fee

(1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

(2) In the event of termination the fee shall be calculated according to the services rendered up to this point, provided they are of value to the client.

(3) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

29. Other Provisions

The reference in Point 23 to provisions in Section I shall apply accordingly.

SECTION IV

30. Scope

The Conditions of Contract of Section IV shall only apply to consumer business in accordance with the Consumer Act (Federal Law of March 8, 1979/Federal Law Gazette No. 140 as amended).

31. Supplementary Provisions for Consumer Transactions

(1) Contracts between persons entitled to exercise the profession and consumers shall fall under the obligatory provisions of the Consumer Act.

(2) The person entitled to exercise the profession shall only be liable for the deliberate and gross negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Point 8 Item 2 of the General Conditions of Contract, the duty to compensate on the part of the person entitled to exercise the profession shall not be limited in case of gross negligence.

(4) Point 8 Item 3 of the General Conditions of Contract (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal according to Section 3 of the Consumer Protection Act

If the consumer has not made his/her contract statement in the office usually used by the person entitled to exercise his/her profession, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the person entitled to exercise the profession as well as instructions on the right to revoke the contract, but no earlier than the conclusion of the contract.

The consumer shall not have the right to withdraw from the contract,

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the person entitled to exercise the profession or his/her agent,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their agents or

3. in case of contracts where the mutual services have to be provided immediately, if the contracts are usually concluded outside the offices of the persons entitled to exercise the profession, and the fee agreed upon does not exceed €15.

In order to become legally effective, the revocation shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the person entitled to exercise the profession to the person entitled to exercise the profession with a note which reveals that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within a week.

If the consumer withdraws from the contract according to Section 3 of the Consumer Act,

1. the person entitled to exercise the profession shall return all benefits received, including all statutory interest, calculated from the day of receipt, and to compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the person entitled to exercise the profession as far as they are of a clear and predominant benefit to him/her.

According to Section 4 Paragraph 3 of the Consumer Act claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 of the Consumer Act

The consumer shall pay for the preparation of a cost estimate in accordance with Section 1170a of the Austrian Civil Code by the person entitled to exercise the profession only, if this payment obligation has been notified to the consumer beforehand.

If the contract is based on a cost estimate prepared by the person entitled to exercise the profession, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Point 7

If the person entitled to exercise the profession is obliged according to Section 932 of the Austrian Civil Code to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred to him/her. If it is in the interest of the consumer to have the work and the documents returned by the person entitled to exercise the profession, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Instead of Point 15 Item 3:

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 Paragraph 2 and 104 Paragraph 1 JN the jurisdiction of a court shall depend on the district where the consumer has his domicile, usual residence or place of employment.

(9) Contracts on Recurring Services

(a) Contracts which oblige the person entitled to exercise the profession to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year, may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit.a) 1 requires considerable expenses on the part of the person entitled to exercise the profession and if he/she informed the consumer about this not later than when the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit.a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.